Comments in response to the Federal Register Notice titled "Request for Comments and notice of round table meeting regarding The Equities of *Inter Partes* Reexamination Proceedings "

My comments on my impressions of the present *inter partes* reexamination proceedings and the potential inequities associated with the current situation follow.
As a counselor I represent both small and large entities and I have not to date represented a participant in an *inter partes* reexamination proceeding.

As a counselor I have on more than one occasion advised against filing a request for *inter partes* reexamination proceedings. The main reasons for doing so are the statutory estoppel issues, the limitations of the present proceedings and the uncertainty of the administrative procedures involved. The estoppel provision is particularly inequitable with respect to a requester. Mainly because a requester cannot control being sued for infringement by a patent holder. Therefore, to risk being in a law suit in the future and unable to present a best case in your own defense that includes assertions that the involved patent is invalid is too big a risk for most, especially for small entities. The present proceedings include a number of rule specific limitations that create inequities for the requester, such as the 30 day response limitation, and the dependence on the patent owner's response in order for the requester to add to the record. The uncertainties of the proceedings create an inequity for both the requester and the patent owner.

There are four typical situations that raise counseling discussions of whether to consider requesting an *inter partes* reexamination: 1) as a result of conducting a freedom to operate analysis, for example as to whether production or sale of a particular item can be conducted without encountering infringement issues, a patent is identified as a potential concern and the validity analysis that follows results in the identification of patent validity issues; 2) your competitor is sued; 3) you receive notice to cease and desist a particular practice from a patent owner or you are sued; and, 4) in the normal course of monitoring issued patents in your field of endeavor you identify a patent containing claims that raise concerns and a validity analysis identifies validity issues. Each instance differs but in each there is a reason to refrain from requesting an *inter partes* reexamination. If the opinion of outside counsel concludes that the patent discussed is invalid then a potential infringer may feel that this is enough protection from a finding of "willful infringement" to allow them to continue as they desire or to enter into negotiations with the necessary information to reach a favorable conclusion. Since the reexamination proceeding cannot be canceled they may decide that they lose negotiation position by directly endangering the patent. Withdrawal of the request after grant would be a desirable feature of the rules.

With respect to situation two and three the potential imminence of a law suit creates an apprehension with respect to the estoppel provisions and should a delay be desired an *ex parte* reexamination would be preferable, particularly in a situation where it is desirable to maintain anonymity for some period of time.

The fourth situation is rare and there is little incentive to expend the funds, especially if you are a small entity, to challenge a patent by this mechanism.

When the identified validity issues contain prior art, an assessment of whether it is weak or strong may be required as well as an analysis of how much searching must be conducted to insure that you have identified all of the grounds that "could have been raised." This is often determined to be an unjustifiable expense.

Often prior art issues are not the only issues, particularly in biotechnology and pharmaceutical technology areas. Restriction of the present *inter partes* reexamination proceedings to prior art issues alone coupled with the estoppel is the most frequent reason potential third party requesters decide to avoid the proceeding. A potential infringer has no incentive to settle only a limited number of issues in an expensive proceeding knowing that, should they be dealing with the validity issues in a lawsuit in the future, they may be constrained from a complete defense as a result of an *inter partes* reexamination proceeding. Issues of indefiniteness and enablement are often closely linked to consideration of the applicability of the prior art and issues arising under 35 U.S.C. § 112 (with the exception of best mode and derivation) need to be added to the available grounds.

The other major consideration for potential requesters is the lack of confidence that the proceedings will allow adequate consideration of claim interpretation issues and more importantly the creation of an adequate record in this regard. In addition, there is little confidence that the record will clearly establish the "facts" to which the future estoppel applies. The rules are not helpful with respect to fact determination. As an example, 37 CFR §1.948 couples the presentation of "prior art" necessary to rebut a finding of fact by the examiner to that which meets the definition of 501. Why the limitation? There are many fact determinations, such as evidence of inherency, that may well not meet the criteria of 501 yet effectively rebut the examiner's finding of fact. If the proceedings are intended to provide an alternative to litigation they should not unduly limit the presentation of material evidence.

As long as *ex parte* reexamination proceedings are an available alternative they will be more attractive because there is no estoppel provision, they allow the requester to remain anonymous, and the USPTO allows multiple *ex parte* reexaminations to be filed. The multiple requests act as a virtual *inter partes* proceeding, as they are a vehicle for rebuttal of the patent owner's previous comments in response to Office actions in preceding reexaminations. The USPTO has established, at least by precedent, that inclusion of such rebuttal comments in subsequent requests for *ex parte* reexamination is not precluded by statute or rule.

With respect to the uncertainty of the proceedings being a deterrent, the following observations are made.

Mergers are a definite problem especially mergers with reissue applications, which can invoke procedures such as the filing of RCEs that are not otherwise available in an *inter*

partes reexamination proceeding. Merged proceedings are not efficient. Mergers only establish delay. The USPTO has alternative mechanisms for insuring consistency, such as assignment to the same examiner and file management that will maximize an examiner's access to each involved record.

Examiners should not be endeavoring to conduct these proceedings alone. The quality problems readily admitted by the USPTO are increased exponentially in an *inter partes* reexamination proceedings, given the additional complexity and the multiple advocates. The typical examiner is not adequately trained for such an endeavor. Examiners are very knowledgeable about the technology involved and therefore provide a definite advantage to the proceedings, however, they are typically not well versed in all of the applicable law, or evidence analysis, especially with respect to determining the level of skill in the art and inherency. These are not issues that arise during the normal course of initial examination. These issues may well be confronted during the analysis in an *inter partes* reexamination. For example, it is unclear what an examiner would be expected to do when conflicting declarations are filed by the requester and the patent owner. Examiners are not accustomed to establishing a clear record as to claim interpretation, nor are they particularly well-versed in the case law involved with claim interpretation. To the extent that the advocates will present conflicting evidence the examiners may be asked to decide too many issues that they do not typically address in the normal course of examination. In addition, Examiners are not accustomed to establishing an appropriate record with regard to why rejections are not made. These rejections may be a major aspect of a requester's appeal. Administratively it appears inefficient to put off consideration of these "refused" rejections to the time of an appeal and lose yet more time when the Board remands the proceedings to the examiner to add one or more of the proposed rejections. A combined panel made up of at least one Board member and at least one examiner is recommended. This combined expertise would enhance consideration of the legal issues, assist with development of a clear record, eliminate the remand loop and allow the proceedings to be expedited.

The failure of the office to make a specific commitment that the proceedings will actually be handled with special dispatch is also a consideration. It is recommended that everyone have a time limit for response including the officials at the USPTO.

Unreasonable delay is particularly inequitable for the patent owner. The life of the patent is being wasted while proceedings continue indefinitely. The value of a patent is diminished, whether it should be or not, while the queries remain unresolved. Perhaps a successful proceeding in which the patent owner emerges from the proceeding with the claims "substantially intact" should receive a term extension equivalent to the period of time that the USPTO required to complete the reexamination.

Respectfully submitted,

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